

1 IN THE UNITED STATES DISTRICT COURT  
2 FOR THE SOUTHERN DISTRICT OF TEXAS  
3 HOUSTON DIVISION

4 UNITED STATES OF AMERICA )  
5 v. ) NO. H-16-CR-408-2  
6 THOMAS GALEN MASSEY ) April 18, 2017

7  
8 REARRAIGNMENT  
9 BEFORE THE HONORABLE VANESSA D. GILMORE

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14 For the Government: Justin R. Martin, AUSA  
15 U. S. Attorney's Office  
16 1000 Louisiana, Suite 2300  
Houston, TX 77002

17 For the Defendant: Mike DeGeurin, Sr.  
18 Foreman, DeGeurin & DeGeurin  
300 Main Street, Third Floor  
Houston, TX 77002

19 Court Reporter: Bruce Slavin, RPR, CMR  
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10:03 25 Proceedings reported by mechanical stenography and produced  
by computer-aided transcription.

1 THE COURT: All right. The United States of  
2 America v. Thomas Massey.

3 For the United States, please.

4 MR. MARTIN: Justin Martin.

10:04 5 THE COURT: Mr. Martin.

6 For Mr. Massey, please.

7 MR. DeGEURIN: Mike DeGuerin for Mr. Massey.

8 THE COURT: Okay.

9 MR. DeGEURIN: Your Honor, Mr. Massey has just  
10:04 10 walked in. He was driving in in the rain and --

11 THE COURT: Do you want to go dry off? It was a  
12 rough day, wasn't it?

13 MR. DeGEURIN: I was wondering if we could have  
14 about five or ten minutes where I can bring him up to date  
10:05 15 on what he's doing this morning. He knows what he's doing.

16 THE COURT: Okay. Y'all want a break? Sure.  
17 Sure. Sure.

18 MR. DeGEURIN: Thank you.

19 (Brief recess)

10:15 20 THE COURT: Are you ready to go?

21 MR. DeGEURIN: Yes, Your Honor.

22 THE COURT: The United States of America v. Thomas  
23 Massey.

24 Mr. Massey, I understand you wish to enter a  
10:16 25 plea of "guilty" in the case that's now pending against you

1 in this court. Is that correct, sir?

2 THE DEFENDANT: Yes, ma'am.

3 THE COURT: Before I take your plea I need to ask  
4 you some questions under oath. Raise your right hand to be  
10:16 5 sworn, please.

6 (Defendant sworn)

7 THE COURT: Do you understand, sir, that you're now  
8 under oath and that if you answer any of my questions  
9 falsely that your answers can be used against you in another  
10:17 10 prosecution for perjury - that is, for telling a false  
11 statement?

12 THE DEFENDANT: Yes, ma'am.

13 THE COURT: State your full name, please.

14 THE DEFENDANT: Thomas Galen Massey.

10:17 15 THE COURT: How old are you?

16 THE DEFENDANT: 46.

17 THE COURT: What is it? The guys always have  
18 trouble remembering their age. I thought that was a girl  
19 thing.

10:17 20 THE DEFENDANT: It's a right. I go by "1970". I  
21 can be 47, but it would have to wait till August.

22 THE COURT: Okay. We're just like flat out lying  
23 about our ages, so --

24 THE DEFENDANT: I'm not going to perjure myself.

10:17 25 THE COURT: [Laughs] How far did you go in school?

1 THE DEFENDANT: Some college.

2 THE COURT: Okay. And you can read and write the  
3 English language. Is that correct, sir?

4 THE DEFENDANT: Yes, ma'am.

10:17 5 THE COURT: All right. Have you ever been treated  
6 for any mental illness or addiction to narcotic drugs of any  
7 kind?

8 THE DEFENDANT: No, ma'am.

9 THE COURT: Are you currently under the influence  
10:17 10 of any medication or alcoholic beverage or narcotic drug of  
11 any kind?

12 THE DEFENDANT: No, ma'am.

13 THE COURT: Have you received a copy of the  
14 information - that is, the charges that are filed against  
10:18 15 you in this case?

16 THE DEFENDANT: Yes, ma'am.

17 THE COURT: Do you understand that you have a right  
18 to be indicted by a grand jury concerning the matter that's  
19 before this court on an information?

10:18 20 THE DEFENDANT: Yes, ma'am.

21 THE COURT: Do you understand that by pleading to  
22 the information that you're waiving your right to be  
23 indicted?

24 THE DEFENDANT: Yes, ma'am.

10:18 25 THE COURT: And did you sign a waiver -- Yes, you

1 did. You signed a waiver of your right to be indicted. Is  
2 that correct, sir?

3 THE DEFENDANT: Yes, ma'am.

4 THE COURT: All right. Did you get a chance to go  
10:18 5 over all of the charges pending against you in this case  
6 with your lawyer, Mr. DeGuerin?

7 THE DEFENDANT: Yes, ma'am.

8 THE COURT: Are you satisfied with the counsel and  
9 representation that your lawyer has provided to you?

10:18 10 THE DEFENDANT: Yes, ma'am.

11 THE COURT: Do you need any additional time to  
12 speak with your lawyer this morning before I take your plea?

13 THE DEFENDANT: No, ma'am.

14 THE COURT: All right. Mr. DeGuerin, have you had  
10:18 15 sufficient time to investigate the law and the facts against  
16 your client before this court?

17 MR. DeGEURIN: I have, Your Honor.

18 THE COURT: And do you believe that he understands  
19 the nature of the charges pending against him?

10:19 20 MR. DeGEURIN: Yes, Your Honor.

21 THE COURT: Do you believe that he's competent to  
22 enter a plea of "guilty"?

23 MR. DeGEURIN: I do.

24 THE COURT: Do you know of any reason why he should  
10:19 25 not plead "guilty" or of any meritorious defenses that he

1 might have?

2 MR. DeGEURIN: No, Your Honor.

3 THE COURT: Is there any plea agreement in this  
4 case, Mr. Martin?

10:19 5 MR. MARTIN: Yes, Your Honor.

6 THE COURT: Would you state under what section of  
7 Rule 11 you have filed that plea agreement.

8 MR. MARTIN: Section 11(c)(1)(B).

9 THE COURT: (B) only? Okay. Would you state for  
10:19 10 the record the terms of that plea agreement.

11 MR. MARTIN: The Defendant agrees to plead "guilty"  
12 to Count 1 of the information.

13 The plea agreement includes a cooperation  
14 agreement.

10:19 15 The Defendant also waives his right to appeal  
16 or to collaterally attack his conviction or sentence.

17 If the Defendant clearly demonstrates  
18 acceptance of responsibility, the United States agrees to  
19 not oppose a third level reduction for acceptance of  
10:19 20 responsibility. The United States agrees that the evidence  
21 does not warrant an aggravated role adjustment against the  
22 Defendant under Guideline 3B1.1. The United States would  
23 recommend a sentence at the lower end of the guideline  
24 range.

10:20 25 The United States will dismiss the remaining

1 counts of the indictment against the Defendant at the time  
2 of sentencing.

3 And the parties agree to forfeiture and  
4 restitution of up to \$1,003,200.00.

10:20 5 THE COURT: Mr. Massey, are those the terms of your  
6 plea agreement with the government as you understand them?

7 THE DEFENDANT: Yes, ma'am.

8 THE COURT: Has anybody made any different promise  
9 or assurance to you of any kind to induce you to enter into  
10:20 10 this plea agreement?

11 THE DEFENDANT: No, ma'am.

12 THE COURT: Anybody try to force you to plead  
13 "guilty"?

14 THE DEFENDANT: No, Your Honor.

10:20 15 THE COURT: Do you understand that the terms of the  
16 plea agreement are merely recommendations to the Court and  
17 that I can reject those recommendations without permitting  
18 you to withdraw your plea of "guilty" and impose a sentence  
19 that might be more severe than you anticipated?

10:20 20 THE DEFENDANT: Yes, ma'am.

21 THE COURT: Do you understand that the offense to  
22 which you have indicated you wish to plead "guilty" is a  
23 felony offense and that, if your plea is accepted, you will  
24 be adjudged guilty of that offense, and that adjudication  
10:21 25 could deprive you of valuable civil rights, such as the

1 right to vote, the right to hold public office, the right to  
2 serve on a jury or the right to possess a firearm of any  
3 kind?

4 THE DEFENDANT: Yes, ma'am.

10:21 5 THE COURT: The maximum possible penalty provided  
6 by law for the crime to which you have indicated you wish to  
7 plead "guilty" is imprisonment for up to five years and a  
8 fine of up to \$250,000. Do you understand, sir?

9 THE DEFENDANT: Yes, ma'am.

10:21 10 THE COURT: Do you understand that the Court can  
11 also impose a period of supervised release following any  
12 term of imprisonment of up to three years, and if you  
13 violate any of the terms or conditions of supervised release  
14 that might be imposed as part of your sentence that you  
10:21 15 could be imprisoned for up to two years without credit for  
16 any time you may have already served before that violation  
17 occurred?

18 THE DEFENDANT: Yes, ma'am.

19 THE COURT: Do you understand that you cannot be  
10:21 20 placed on probation or have the imposition or execution of  
21 your sentence suspended and that you are not eligible for  
22 parole?

23 THE DEFENDANT: Yes, ma'am.

24 THE COURT: Do you understand for each offense you  
10:22 25 must pay a special assessment of \$100? In this case that



1 would be \$100 for the one count of conviction.

2 THE DEFENDANT: Yes, ma'am.

3 THE COURT: The Sentencing Commission has issued  
4 advisory guidelines for judges to help us determine the  
10:22 5 appropriate sentence in a criminal case. Have you talked to  
6 your lawyer about how the sentencing guidelines might work  
7 in your case?

8 THE DEFENDANT: Yes, ma'am.

9 THE COURT: Do you understand that I won't be able  
10:22 10 to determine the appropriate sentence for your case until  
11 after a presentence investigation report has been prepared  
12 and you and your lawyer and the lawyer for the United States  
13 have a chance to review that report and make any objections  
14 to that report that you might want to make?

10:22 15 THE DEFENDANT: Yes, ma'am.

16 THE COURT: Do you understand that the sentence  
17 that I impose might be different from any estimate that your  
18 lawyer might have given you?

19 THE DEFENDANT: Yes, ma'am.

10:22 20 THE COURT: Do you understand that after it has  
21 been determined what guideline applies in the case that I  
22 have the authority to impose a sentence that is more severe  
23 or less severe than what's called for under the guidelines?

24 THE DEFENDANT: Yes, ma'am.

10:22 25 THE COURT: Do you understand that by entering into

1 this plea agreement and entering a plea of "guilty" that you  
2 will have waived or given up your right to appeal all or any  
3 part of your sentence?

4 THE DEFENDANT: Yes, ma'am.

10:23 5 THE COURT: Do you understand that parole has been  
6 abolished in the federal system and that if you are  
7 sentenced to prison you will not be released on parole?

8 THE DEFENDANT: Yes, ma'am.

9 THE COURT: Do you understand if I do not accept  
10:23 10 the sentencing recommendation in your plea agreement that  
11 you will still be bound by your plea and you will have no  
12 right to withdraw it?

13 THE DEFENDANT: Yes, ma'am.

14 THE COURT: Do you understand you have the right to  
10:23 15 plead "not guilty" to the offense charged against you and to  
16 persist in that plea; and, if you did so, you would have the  
17 right to a trial by jury, and at that trial you would be  
18 presumed to be innocent and the government would have to  
19 prove your guilt beyond a reasonable doubt; and you would  
10:23 20 have the right to the assistance of counsel for your defense  
21 and the right to see and hear all witnesses and have them  
22 cross-examined in your defense; and the right on your own  
23 part to decline to testify, unless you voluntarily elected  
24 to do so in your own defense, and the right to the issuance  
10:23 25 of subpoenas and other compulsory process to compel the

1 attendance of witnesses to testify in your defense, and  
2 that, if you decided not to testify or put on any evidence  
3 at all, that that fact could not be used against you in  
4 trial?

10:24 5 THE DEFENDANT: Yes, ma'am.

6 THE COURT: Do you understand that by entering a  
7 plea of "guilty", if that plea is accepted by this court,  
8 that there will be no trial by jury and you will have  
9 waived, or given up, the right to trial by jury and all of  
10:24 10 the other rights associated with a trial by jury that I  
11 described to you?

12 THE DEFENDANT: Yes, ma'am.

13 THE COURT: The charge to which you have indicated  
14 you wish to plead "guilty" is under Count 1 of the  
10:24 15 information, conspiracy to commit wire fraud, the elements  
16 of which are that you and one other person made an agreement  
17 to commit the crime of wire fraud, that you knew of the  
18 unlawful purpose of the agreement and joined in it willy -  
19 that is, with the intent to further the unlawful purpose -  
10:24 20 and that one of conspirators during the existence of the  
21 conspiracy knowing committed at least one of the overt acts  
22 described in the indictment - in this case wire fraud - the  
23 elements of which are that you knowing devised or intended  
24 to devise a scheme to defraud; that the scheme to defraud  
10:24 25 included false material representations, pretenses or

1 promises; and that you transmitted or caused to be  
2 transmitted by wire communications in interstate or foreign  
3 commerce any writing for the purpose of executing such  
4 scheme; and that you acted with the specific intent to  
10:25 5 defraud.

6 Do you understand what the government is  
7 claiming that you have done to violate the law in this case?

8 THE DEFENDANT: Yes, ma'am.

9 THE COURT: And did you commit this crime, sir?

10:25 10 THE DEFENDANT: Yes, ma'am.

11 THE COURT: All right. Mr. Martin, would you  
12 please make a representation concerning the facts that the  
13 government would be prepared to prove if this case were to  
14 proceed to trial.

10:25 15 MR. MARTIN: Yes, Your Honor.

16 From May, 2011, to December, 2012, the  
17 Defendant Thomas Galen Massey conspired with Andrew Ian  
18 Farmer and others to perpetrate a securities fraud scheme to  
19 defraud investors of a substantial amount of money by  
10:25 20 publishing false statements about a company called "Chimera  
21 Energy Corporation" in order to fraudulently inflate the  
22 price of its stock, and this occurred in the Southern  
23 District of Texas and elsewhere. Farmer and his associates  
24 then defrauded investors by selling their shares of Chimera  
10:26 25 stock to the public at the fraudulently inflated prices.

1 This type of scheme is commonly referred to as a "pump and  
2 dump scheme".

3 In order to carry out the scheme Massey,  
4 Farmer and their co-conspirators used e-mails to communicate  
10:26 5 distributed false press releases and made interstate wire  
6 money transfers in furtherance of the offense.

7 On August 5th, 2011, Chimera was incorporated,  
8 and from December of 2011 to January, 2012, Chimera  
9 conducted an initial public offering where Farmer and his  
10:26 10 associates recruited individuals to act as straw investors  
11 in the Chimera IPO in order to make it appear that ownership  
12 of the freely tradable shares of Chimera stock was not  
13 concentrated in one person or a group of people when, in  
14 truth and fact, Farmer and his associates had de facto  
10:27 15 control of the freely tradable shares of Chimera stock  
16 through the straw investors.

17 On April 10th, 2012, the organization known as  
18 "FINRA" cleared Pennaluna's Form 211 application which  
19 allowed them to publish quotations of Chimera stock.

10:27 20 Then from March, 2012, to May, 2012, 28 of the  
21 29 straw investors transferred all of their shares of  
22 Chimera stock to entities that were controlled by Farmer and  
23 his associates. The only straw investors that did not sell  
24 their shares at this time was Farmer's wife.

10:27 25 Beginning in July, 2012, Farmer, Massey and

1 their associates orchestrated a false promotional campaign  
2 designed to fraudulently inflate the price of Chimera stock.

3 On July 27, 2012, Farmer caused the filing of  
4 a Form 8-K with the SEC in which Chimera announced that it  
10:28 5 had entered into a licensing agreement with China Inland Oil  
6 Exploration Company, which purportedly granted Chimera an  
7 exclusive license to develop and commercialize China  
8 Inland's cutting-edge technologies related to non-hydraulic  
9 extraction, otherwise known as "NHE". Chimera's purported  
10:28 10 agreement with China Inland was a sham designed to mislead  
11 investors and Chimera did not have the NHE technology that  
12 Farmer, Massey and their associates claimed it had.

13 Over the next several months Farmer, Massy and  
14 their associates caused Chimera to issue approximately 34  
10:28 15 press releases and three additional Forms 8-K that  
16 publicized and promoted Chimera's purported licensing and  
17 development of the nonexistent NHE technology.

18 The Defendant Massey's role in the conspiracy  
19 was to obtain documentary support for the false press  
10:29 20 releases being published about Chimera and to provide the  
21 false press releases to the Chimera CEO for his approval  
22 prior to their release.

23 Massey also recruited an individual to be a  
24 paid consultant for Chimera who had previously worked for  
10:29 25 Petroleos Mexicanos, an oil and gas exploration company

1 owned by the Mexican government, and the plea agreement  
2 details several of the false press releases that were  
3 issued.

4 At the time Massey assisted in issuing these  
10:29 5 press releases, Massey knew that Farmer, his associates and  
6 Chimera did not have the NHE technology they purported to  
7 have. Also, Massey knew that Chimera was a scheme intended  
8 to defraud investors.

9 While these false statements were being  
10:30 10 published Farmer and his associates funded a false  
11 advertising campaign for Chimera stock. The false  
12 advertising campaign caused the price of Chimera stock to  
13 increase dramatically and Farmer and his associates began to  
14 sell their Chimera stock to the public for their benefit.

10:30 15 From June, 2012, to November, 2012, Farmer and  
16 his associates sold approximately \$9,852,468 shares of  
17 Chimera stock for total gross proceeds of \$6,841,923.01.

18 In furtherance of the offense, Massey  
19 transmitted and caused to be transmitted by means of wire  
10:30 20 communication and interstate or foreign commerce writings  
21 and signals for the purpose of executing the scheme and  
22 artifice to defraud.

23 Moreover, at least one conspirator did at  
24 least one overt act to effect the object of the conspiracy.

10:31 25 THE COURT: All right. Mr. Massey, you have heard

1 the facts that the government has indicated it would be  
2 prepared to prove against you if this case were to proceed  
3 to trial. Having heard those facts, sir, how do you now  
4 plead to the charge pending against you? Guilty or not  
10:31 5 guilty, sir?

6 THE DEFENDANT: Guilty.

7 THE COURT: Are you ready to sign the plea  
8 agreement under oath at this time, sir?

9 THE DEFENDANT: Yes, ma'am.

10:31 10 (Plea agreement executed)

11 CASE MANAGER: Raise your right hand, sir.

12 Do you solemnly swear that you have read and  
13 understand your plea agreement and that you willingly sign  
14 the plea agreement at this time; so, help you God?

10:32 15 THE DEFENDANT: Yes.

16 CASE MANAGER: Thank you.

17 THE COURT: Then, it is the finding of the Court in  
18 the case of the United States of America v. Thomas Massey  
19 that the Defendant is fully competent and capable of  
10:32 20 entering an informed plea, the Defendant is aware of the  
21 nature of the charges and the consequences of his plea, that  
22 his plea of "guilty" is a knowing and voluntary plea  
23 supported by an independent basis in fact containing each of  
24 the essential elements of the offense. His plea is,  
10:32 25 therefore, accepted and the Defendant is now adjudged guilty



1 of the offense charged in Count 1 of the information.

2 The Court orders that a presentence report be  
3 prepared. By May 23, 2017, the initial report should be  
4 disclosed to counsel. By June 6, 2017, counsel should  
10:32 5 object in writing or state that there is no objection. By  
6 June 20th, 2017, the probation officer should submit to the  
7 Court a final presentence report with an addendum addressing  
8 any contested issues. Sentencing is set for June 26, 2017,  
9 at 9:30 a.m.

10:33 10 The Defendant is on bond, fifty-thousand-  
11 dollar unsecured bond. Does the United States have any  
12 objection to the Defendant remaining on bonding pending  
13 sentencing?

14 MR. MARTIN: No objections.

10:33 15 THE COURT: Mr. Massey, have you had any new law  
16 violations since you have been on bond?

17 THE DEFENDANT: I have received a ticket for  
18 running a red light.

19 THE COURT: Okay. Did you pay it?

10:33 20 THE DEFENDANT: Yes, ma'am.

21 THE COURT: All right. Other than that, have you  
22 missed any appointments with your pretrial officer?

23 THE DEFENDANT: I don't believe I have.

24 THE COURT: I am looking from a "yes" or "no".

10:33 25 THE DEFENDANT: No, ma'am, I have not missed any.

1 I have one after court.

2 THE COURT: Pardon me?

3 THE DEFENDANT: I have one after court.

4 THE COURT: Today?

10:33 5 THE DEFENDANT: Yes, ma'am.

6 THE COURT: But you haven't missed any previous  
7 appointments?

8 THE DEFENDANT: No, ma'am.

9 THE COURT: Okay. Are you working?

10:34 10 THE DEFENDANT: Yes, ma'am.

11 THE COURT: What are you doing?

12 THE DEFENDANT: I am running a ranch. Ranch  
13 management.

14 THE COURT: A ranch?

10:34 15 THE DEFENDANT: Yes, ma'am.

16 THE COURT: Okay. You can remain on bond with the  
17 same conditions of release. Your lawyer will let you know  
18 when it's time for you to come back to court again.

19 Mr. DeGuerin, please let probation know if you  
10:34 20 want to be present with your client for his interview.

21 Anything else from the United States?

22 MR. MARTIN: Nothing further, Your Honor.

23 THE COURT: Anything else from the defense?

24 MR. DeGEURIN: No, Your Honor.

10:34 25 THE COURT: Thank you. You're excused.

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COURT REPORTER'S CERTIFICATE

I, BRUCE SLAVIN, certify that the foregoing is a  
correct transcript from the record of proceedings in the  
above entitled matter, to the best of my ability.

s/Bruce Slavin  
BRUCE SLAVIN, RPR, CMR